

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 10-85

**RESOLUTION PROPOSING THE IMMEDIATE RESTORATION
IN FULL OF ALL ENERGY TAX RECEIPT FUNDING**

Mr. DuPont offered the following resolution and moved its adoption:

WHEREAS, the Energy Tax Receipts Property Tax Relief program is the direct descendant of the Public Utility Gross Receipts and Franchise Tax (PU-GRAFT), which was a tax on regulated public utilities originally assessed and collected at the municipal level; and

WHEREAS, in the early 1980's, when at the request and for the convenience of the taxpaying utilities, the State became the collection agent for this assessment, the law that effected this change promised that the proceeds would be distributed back to the municipalities which provide services to utility facilities and are the source of the utility profits; and

WHEREAS, the State of New Jersey never honored that commitment, immediately diverting large and growing portions of the proceeds to its own general fund; and

WHEREAS, modernization and deregulation led to a major State "reform" of utility taxes in the mid-1990's, which legislation validated and supposedly capped the State's annual skim, and which included a "poison pill," requiring the State to annually increase the municipal distribution of Energy Tax proceeds or to risk the forfeiture of the State's authority to collect the tax; and

WHEREAS, in the late 1990's, a State law was passed requiring the Energy Tax distribution to be annually increased by the rate of inflation; and

WHEREAS, the State budget-makers viewed this situation, the problem was not how to comply with this requirement, but rather how State officials might evade compliance; and

WHEREAS, in order for the State to increase Energy Tax distribution by the rate of inflation for five straight years without providing municipalities with one new dollar in property tax relief, State officials reduced the CPMTRA distribution by the same amount that it increased the Energy Tax distribution; and

WHEREAS, in 2008, the increase of the Energy Tax Receipts of \$114,979 was offset by a decrease of CPMTRA aid by \$123,283 decreasing the total State aid to the Borough by \$8,304, resulting in the Borough receiving \$2,593,666. In 2009, the increase in Energy Tax Receipts of \$99,158 was offset by a decrease in CPMTRA aid of \$163,999, decreasing the total State aid to the Borough by \$64,841, resulting in the Borough receiving \$2,528,825; and

WHEREAS, in 2010, the Governor proposes withholding the municipal Energy Tax Receipts of \$427,026 and reducing CPMTRA aid in the amount of \$90,118 resulting in the total reduction of to the Borough of Red Bank in the amount of \$517,144.

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Red Bank of the County of Monmouth, New Jersey as follows:

1. The Governor, State Legislative leadership and all members of the State Senate and Assembly should immediately restore in full all Energy Tax Receipt funding; thereby, respecting and affirming the historic and fiduciary obligation as collector of former municipal revenues.

2. The Municipal Clerk is hereby authorized and directed to provide a certified copy of this resolution to the following: Governor Chris Christie, New Jersey Senate President Stephen Sweeney, New Jersey Senate Minority Leader Thomas Kean, Jr., New Jersey Assembly Speaker Sheila Oliver, New Jersey Assembly Minority Leader Alex DeCroce, New Jersey State Legislators of the 12th, 14th and 15th Districts, Mayors located in the surrounding communities and the 12th Legislative District Mayors and the New Jersey League of Municipalities.

Seconded by Mr. Zipprich and adopted on roll call by the following vote:

	Yes	No	Abstain	Absent
Ms. Lewis	(x)	()	()	()
Mr. Zipprich	(x)	()	()	()
Mr. DuPont	(x)	()	()	()
Ms. Horgan	(x)	()	()	()
Ms. Lee	(x)	()	()	()
Mr. Murphy	(x)	()	()	()

Dated: April 12, 2010